

CALIFORNIA HIGH-SPEED RAIL AUTHORITY
MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, 2ND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

TUESDAY, FEBRUARY 10, 2015

9:12 A.M.

Reported by: Rebecca Hudson

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Jim Hartnett, Vice Chair

Thea Selby

Lynn Schenk

Katherine Perez-Estolano

Patrick Henning

Mike Rossi

STAFF

Jeff Morales, Chief Executive Officer

Jennifer Thommen, Acting Secretary

Michelle Boehm

James Andrew

Tom Fellenz

HONORED GUEST

Tony Oliveira

ALSO PRESENT

Lee Ann Eager, Fresno EDC

Will Oliver, Fresno EDC

Michael Miguel, Fresno EDC

Janet Dailey, Fresno EDC

Laura Hall, Fresno EDC

APPEARANCES (CONT.)

ALSO PRESENT

Romena Jonas, Assyrians for Education

Alan Scott, CCHSRA

Frank Oliveira, Citizens for California HSR Accountability

Ross Browning, CCHSRA

Paul Guerrero, La Raza

Diana Lacome, APAC

Robert Allen

Marvin Dean

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P R O C E E D I N G S

9:12 a.m.

PROCEEDINGS BEGIN AT 9:11 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, FEBRUARY 10, 2015

CHAIRMAN RICHARD: We'll get started here. Good morning, welcome to this meeting of the High Speed Rail Authority Board.

Will the Secretary please call the roll or the person filling in for the secretary who's down with the flu?

MS. THOMMEN: Ms. Schenk?

BOARD MEMBER SCHENK: Here.

MS. THOMMEN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. THOMMEN: Vice Chair Hartnett?

VICE CHAIR HARTNETT: Here.

MS. THOMMEN: Mr. Rossi?

BOARD MEMBER ROSSI: Here.

MS. THOMMEN: Ms. Perez-Estolano?

BOARD MEMBER PEREZ-ESTOLANO: Here.

MS. THOMMEN: Mr. Henning?

BOARD MEMBER HENNING: Here.

MS. THOMMEN: Ms. Selby?

BOARD MEMBER SELBY: Here.

MS. THOMMEN: Chairman Richard?

1 CHAIRMAN RICHARD: Here.

2 Vice Chair Hartnett, would you lead us in the
3 Pledge of Allegiance, please?

4 VICE CHAIR HARTNETT: Please stand and join
5 together.

6 (The Pledge of Allegiance is made.)

7 CHAIRMAN RICHARD: Thank you.

8 We will move immediately into the public comment
9 section. I have a number of green cards here, so we'll
10 start with Ms. Lee Ann Eager from the Fresno Economic
11 Development Commission -- oh excuse me, I'm getting some
12 more -- and she'll be followed by Will Oliver, also from
13 Fresno County EDC.

14 Good morning, Ms. Eager.

15 MS. EAGER: Good morning.

16 CHAIRMAN RICHARD: Is the mic on? Go ahead.

17 MS. EAGER: Good morning. I'm Lee Ann Eager,
18 President and CEO of the Economic Development Corporation
19 in Fresno.

20 And today I brought my high-speed rail staff with
21 me. I thought it was probably about time for you to see
22 the people who were actually doing the real work out there
23 in Fresno County. We have a full staff now who are working
24 with all of the 350 businesses that are on our alignment.

25 So I wanted to introduce you to Will Oliver first

1 and you might know him as the Mayor Pro Tem of Madera, the
2 City of Madera, so he has two jobs. I also have Mike
3 Miguel and Mike used to be a real-estate broker, so I
4 snagged him to come and help us with the team. Janet
5 Dailey, she worked for the County of Fresno in their
6 planning department, so she's instrumental in helping us
7 work our way to that system. And our newest employee is
8 Laura Hall. She was from the Sheriff's Department and she
9 worked in Ag Crimes. So in dealing with folks who are
10 going through difficult times we think her talents will
11 come in handy. I also have one more who's not here,
12 because he's at the -- well I guess it could be called the
13 Tulare Ag Show. I think now it's some International
14 something. He's there working with our farmers and he
15 actually was an ag equipment salesman from Kings County.
16 So we do have a full team and I'd like to say a few words.

17 CHAIRMAN RICHARD: Thank you.

18 MR. OLIVER: Mr. Chairman and Board Members,
19 again Will Oliver, Business Support Specialist with the
20 Fresno EDC.

21 For about 18 months now we've been working on the
22 project with over 200 businesses within the City of Fresno
23 segment. Obviously with a project of this magnitude
24 there's a whole host of challenges for those along the
25 alignment that stand to be impacted. So we've really

1 helped put together an all-hands on deck approach working
2 with the City of Fresno, the County of Fresno, and their
3 respective planning departments, working with your diligent
4 relocation and right-of-way agents and also other community
5 partners to see that folks are prepared and have the
6 resources needed to transition to new properties.

7 But at the end of the day it's been, of course,
8 challenging, but very, very rewarding. And again, I would
9 just emphasize that the community team approach that we
10 have put together in the City of Fresno and in the Valley
11 to see that folks' concerns are heard and that they have
12 the resources needed.

13 CHAIRMAN RICHARD: Thank you.

14 Mr. MIGUEL: Michael Miguel, also a member of the
15 Fresno EDC high-speed rail business support team. I'm also
16 happy to announce that there's certainly been some updates
17 in our market, our local city has had some relocations
18 recently.

19 One in particular that I thought I'd bring to the
20 table this morning is a business that's been in Fresno for
21 about 20 years and it's been successful. The impact has
22 forced them to reconsider their business and their model.
23 They've been a tenant for 20 years and now have had the
24 opportunity to become an owner-user during this process.
25 And with our partnerships with the CDFI, that's known as

1 the Community Development Financial Institute, they were
2 able to fund the deal, which they're currently in the
3 logistics of the move. So we're seeing some success
4 stories as we're moving forward and we thought we'd share
5 that with you this morning. Thank you.

6 CHAIRMAN RICHARD: Thank you.

7 MS. DAILEY: Good morning. I'm Janet Dailey and
8 I'm happy to be here. I'm very pleased to be able to see
9 all your faces and understand the body that is making the
10 decisions about this project. And it's been my honor to
11 actually serve our community in helping the businesses in
12 the farm community through this process of acquisition.
13 Thank you.

14 CHAIRMAN RICHARD: Thank you.

15 MS. EAGER: This is her second day.

16 MS. HALL: Good morning. It's a little bit
17 different venue than I'm used to, so yeah my name is Laura
18 Hall. I come from a law enforcement background of
19 approximately 17 years. And I'm new to the EDC and some of
20 this, but excited to be a member of the team and deliver my
21 talents to this endeavor.

22 CHAIRMAN RICHARD: Well, thank you. We hope that
23 we won't be calling upon your prior capabilities very much.

24 MS. EAGER: Laura and Davey Jones, (phonetic) who
25 is the one who is at the Tulare Ag Show, they'll be working

1 on the county side. So we have been working with many of
2 the folks from the ag community. Diana and I have been out
3 meeting with farmers the last few weeks and looking at
4 those issues and trying to address the needs there. So we
5 have the city folks and we have the county folks and
6 everybody is all-hands on deck out there trying to help our
7 businesses.

8 CHAIRMAN RICHARD: Well, I just want to thank
9 you. You know, people come from long distances to these
10 meetings up from the Valley. And I know it's not the
11 easiest trip whether you're coming from Kings County -- and
12 some folks do, because they want to express concerns about
13 the project -- or where you're coming from Fresno to talk
14 about the work that you're doing on behalf of the project.
15 We certainly recognize that that's a trek and appreciate
16 people getting up early to do it.

17 But I also want to say with respect to Fresno
18 County EDC it's hard to build a major infrastructure
19 project like this. And you folks have been just terrific
20 partners in helping us mitigate the impacts of the project
21 on businesses in the communities there and taking a very
22 positive step to find opportunities for relocation and so
23 forth. And so your work has been pretty invaluable and
24 you're a terrific partner and we cherish that very, very
25 much.

1 And Mr. Morales, you work very closely with Ms.
2 Eager and did you want add anything to that?

3 CHIEF EXECUTIVE OFFICER MORALES: I echo that
4 certainly. I think the EDC offers among other things, it's
5 very important local perspective in the understanding of
6 the community, and in many cases the actual property
7 owners, the business owners. And so it makes sure that we
8 can deal with that much more effectively.

9 I see Marvin Dean here as well, so I would also
10 say Kern County -- people who travel from Kern County -- as
11 you're working your way down the mountain.

12 CHAIRMAN RICHARD: Yeah, he's on the list. We'll
13 get to him.

14 MS. EAGER: Thank you.

15 CHAIRMAN RICHARD: Okay. Well, thank you all
16 very much. Thank you, Ms. Eager.

17 Moving on through public comment, I hope I
18 pronounce this correctly, it looks like Romena Jonas from
19 San Jose followed by Alan Scott.

20 How did I do with that?

21 MS. JONAS: Pretty good, it's Romena Jonas.

22 CHAIRMAN RICHARD: Romena Jonas, okay. Thank
23 you.

24 MS. JONAS: Chairman Richard, distinguished
25 members of the Board, good morning. My name is Romena

1 Jonas, I'm representing a nonprofit organization called
2 Assyrians for Education.

3 In December of 2014 we submitted a request for a
4 grant for an outreach program for the underserved and
5 underprivileged Assyrian community in the Central Valley.
6 We have over 35,000 Assyrians living in the Central Valley
7 and there will be a larger influx of Assyrians coming in as
8 a result of what's happening in the Middle East with ISIS.

9 And all thee Assyrians that are coming in, we
10 have to basically assimilate them into the American culture
11 as soon as possible and also tell them about the -- I would
12 say most Assyrians are not aware of the opportunities that
13 high-speed rail offers. And we would like to reach out and
14 create an outreach program for them to train them and give
15 them the opportunity to take advantage of the work and jobs
16 that are coming up as a result of the high-speed rail
17 project.

18 And our proposal has been endorsed by
19 Congresswoman Anna Eshoo, by Congresswoman Zoe Lofgren and
20 soon you will be receiving a letter from the City of Tulare
21 (phonetic) also endorsing the same. So we'd appreciate
22 your consideration of our proposal. We have submitted ten
23 copies to the secretary for your review and approval,
24 hopefully. Thank you.

25 CHAIRMAN RICHARD: Thank you, Ms. Jonas. Thank

1 you very much and thank you for your work. We will take a
2 hard look at that.

3 Our next three speakers are all from Kings
4 County: Alan Scott followed by Frank Oliveira followed by
5 Ross Browning.

6 Mr. Scott, good morning.

7 MR. SCOTT: Good morning, Mr. Chairman, Members
8 of the Board.

9 First, a personal note. I'll turn 74 in July and
10 about three weeks later I'll get my first grandchild, so
11 good news. The son did good.

12 CHAIRMAN RICHARD: You're not expecting us to
13 congratulate you for having any role in that, right?

14 MR. SCOTT: I'll talk to you later.

15 Anyway, thank you for the time. As you can see
16 I've got all this paperwork in front of me and I do a lot
17 of reading about this environment. And it's come to notice
18 in the last couple of months -- and I'm going from experts,
19 qualified news reporting, so on and so forth -- I could
20 read excerpts from different things, but what I would like
21 to say is one of the things that's paramount in what I'm
22 reading is that government does a very bad job in major
23 projects.

24 And right now with the funding in the state, with
25 the funding from the federal government, with the drought

1 and with all the other negatives that are in this state
2 right now this project is destined to fail, it appears, on
3 record when you look at all of the information. Even
4 Professor Gibbs (phonetic) from Berkeley has given it some
5 bad marks and so on.

6 I just want people to know that down the road,
7 this is not a 10-year project or a 15-year project, this is
8 a 40 or 50-year project. And it doesn't look good for the
9 money. We have no water storage. We have nothing. We're
10 going to be digging up ground and there's nothing to
11 mitigate the water. You're going to be moving prisoners
12 out of two prisons, because of valley fever. But what
13 about the million-and-a-half, two-million people in the
14 Valley? They're not mitigated from the valley fever.

15 So my point is someone needs to take a real fresh
16 look at this on where we got the money. When can we do it
17 and as one of the congressmen said it looks like we're just
18 going to build a wall about 15-feet high and that's it. I
19 would rather see this project done right, because I am a
20 supporter of high-speed rail, but not in the way this is
21 going right now.

22 Thank you very much, for your time.

23 CHAIRMAN RICHARD: Mr. Oliveira followed by Ross
24 Browning.

25 Good morning, Mr. Oliveira.

1 MR. OLIVEIRA: Good morning. Last month at the
2 January 13th Authority Board meeting, Authority staff
3 reported that claims of abuses of property owners by the
4 Authority's right-of-way agents had been looked at and that
5 the Authority staff had successfully provided training to
6 its contract right-of-way staff thus mitigating the
7 problem.

8 As a result of the Board's direction and the
9 staff's quick action, property owners affected by the
10 Authority's acquisition of their land could rest assured
11 that they would be treated with respect and properly
12 compensated by the Authority for the damages to done in
13 accordance to state and federal regulations. Members of
14 the Board expressed their satisfaction.

15 On January 23rd, ten days later, I attended a
16 joint workshop that the Authority put on in Laton,
17 California. The target audience was affected landowners
18 between American Avenue and Kings River. The consensus of
19 the audience was that their properties had been flash
20 appraised; that they were not included in the appraisal of
21 the property for establishing values. The resulting offers
22 rendered by the right-of-way agents did not account for
23 factors such as water-delivery systems, wells,
24 infrastructure, leases and other business agreements
25 associated with the property to be acquired.

1 In essence, the remainder of the agri-business
2 that would be left after the Authority bought the right-of-
3 way was not factored. That generally is a larger expense
4 than what the acquisition of actual property is. Offers in
5 some cases were probably hundreds of thousands of dollars
6 below value.

7 For those of you on the Board, can you imagine
8 the government showing up at your residence or place of
9 business and telling you that you'll be removed from your
10 property and paid tens of thousands if not hundreds of
11 thousands of dollars less than the value of your property?

12 The methodology of establishing the value of
13 someone's property and livelihood without obtaining
14 information from those, and their nuances of their
15 business, is doomed to fail. You're not just buying real
16 estate, you're damaging and destroying businesses which
17 require to be compensated.

18 We challenged the methodology at the meeting, at
19 that workshop, the regional director agreed to notify
20 affected property owners in Construction Package 2-3 about
21 her concerns about these flash appraisals. The regional
22 director asked us if we were aware of any flash appraisals
23 and to refer them to the regional director, and we did.

24 That was a logical solution to an ugly problem.

25 Since then we sought out a sampling of about 15

1 people within a 5-mile period or stretch and we discovered
2 100 percent flash appraisals. These are appraisals that
3 just simply did not include the landowners input, thus
4 their undervalued offers. We've provided that list to you,
5 of seven of those that wish to be public about what they
6 had. We've also notified the regional director.
7 You need to do something about how do you acquire land for
8 this right-of-way. You should not be stealing the right-
9 of-way from your victims. I said victims, because if you
10 show up and take somebody's property and you don't
11 compensate them then you're not living up to the letter of
12 the law of the minimum requirement. Thank you.

13 You can contact these people yourselves. Their
14 phone numbers are on that packet I gave you.

15 CHAIRMAN RICHARD: Thank you, Mr. Oliveira. I
16 have your packet. We will examine this and investigate
17 this and look through this and work with our staff on these
18 issues.

19 MR. OLIVEIRA: Some of those people are scheduled
20 to go to the State Public Works Board for resolutions and
21 necessity on Friday. They haven't been included in the
22 appraisal of their property, but yet their property is
23 headed towards condemnation already.

24 CHAIRMAN RICHARD: All right, thank you.

25 MR. OLIVEIRA: Okay.

1 CHAIRMAN RICHARD: Mr. Browning and he'll be
2 followed by Paul Guerrero and Diana LaCome.

3 MR. BROWNING: Good morning, Mr. Chairman and
4 Members of the Board, I'm Ross Browning from Laton,
5 California.

6 I have a very simple question to ask you, just
7 one question and one answer. My understanding is that your
8 staff has stated that out of the roughly \$6 billion that
9 you have currently available -- and I'm not sure that all
10 of that is available to you -- you don't have enough money
11 to build through to the Kern County line. And if you don't
12 have enough money to do that portion how are you going to
13 come up with the money to build the rest of it?

14 There's no money coming out of Washington from
15 what I understand. There is no long line -- still no long
16 line of private investors lining up to get their cash in,
17 so the simple question is how are you going to keep this
18 thing going if you don't have the money? Thank you.

19 CHAIRMAN RICHARD: Thank you, Mr. Browning.

20 Paul Guerrero and Diana LaCome and then Robert
21 Allen.

22 Good morning.

23 MR. GUERRERO: I just want to follow up on a
24 couple of speakers. First, that in your last Board meeting
25 you had a person who spoke on the Audit Committee and so

1 forth who gave you a background on the 99 and talked about
2 the previously set goal.

3 I remembered sitting in a Caltrans meeting when
4 they were talking about Caltrans doing portions of 99 and I
5 raised with Caltrans that you had a 30 percent goal. And
6 the director at that time laughed at me and said, "Caltrans
7 doesn't meet goals, don't worry about the 30 percent." And
8 I said, "Well, I am worried about it, because you don't
9 meet goals." So I'd like to --

10 CHAIRMAN RICHARD: I'm sorry, did he say they
11 need goals?

12 MR. GUERRERO: They don't meet goals -- Caltrans
13 don't meet goals.

14 CHAIRMAN RICHARD: They don't meet goals?

15 MR. GUERRERO: That's right. And then they also
16 said that by the way, "This an interagency agreement, so we
17 don't have to do anything like that."

18 So I'd just like you to keep an eye on them. If
19 they're working with their own forces certainly they don't
20 have to meet a goal, but when they contract that out I sure
21 hope that you pull them down.

22 The second thing I'd like to comment on is the
23 lady who spoke before me about the RFP of training. I
24 would suggest that you put that RFP for bid or a request
25 for a proposal, because there's a number of good

1 organizations that have contacted the union that are
2 presently doing training in the Central Valley inside of
3 the area. So give everybody an opportunity to bid on this
4 and so forth.

5 Let's put that out to bid. We do need training.
6 And the reason that I think that Diana and I and others are
7 here all the time is to make sure that we do take and
8 change a lot of lives in the Central Valley by taking these
9 young people, who really just never had a good job and
10 putting them into a good union paying jobs, in building
11 this high-speed rail. And so let's put that out to bid and
12 spread the opportunity around. Thank you.

13 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.
14 Diana LaCome then Robert Allen and then Marvin
15 Dean.

16 MS. LACOMBE: Good morning Chairman Richard,
17 Board Members, and CEO Morales. I'm Diana LaCome,
18 President of APAC.

19 Two items that I want to discuss with you today.
20 One is the bonding around. I've spoken about this before,
21 but since we're getting heavy into construction the bonding
22 issue is very important. I had mentioned before that Cindy
23 McKim, the CEO of Caltrans at the time, through executive
24 order stopped the bonding around the primes were allowed to
25 do. So at the next meeting next month, I will bring you

1 the documentation related to that, because I have talked
2 and I don't think a lot of people have followed up on it.
3 But I will bring you some information on that.

4 Today APAC wants to acknowledge the strides the
5 Authority has been making in terms of small business
6 participation. It is our understanding that both the Tutor
7 team on CP1 and the Dragados team on CP2-3 have strong
8 participation of diverse small DBE and DBVE firms. It is
9 obvious to many of us that when a government agency is
10 adamant about small business participation that primes
11 actually meet it -- amazing. They actually find the subs
12 that they said were never around and they actually find
13 them and so on.

14 We're looking forward to the quarterly
15 participation that I believe you providing four times a
16 year? yeah, and that should show in fact the total amount
17 actually going to the small businesses. The last time you
18 didn't have it was lacking a total dollar of the contract
19 itself from that particular work that the subs were doing.
20 So hopefully this next one will have that as well. Thank
21 you.

22 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

23 Richard Allen followed by Marvin Dean.

24 I'm sorry, excuse me, Bob. How many years have I
25 known you? Robert Allen, I'm sorry.

1 MR. ALLEN: I'd like to bring to your attention
2 Proposition 1 of 2008, which was withdrawn from the ballot
3 and replaced with Proposition 1A. Proposition 1 had stated
4 it was the high-speed rail bond legislative initiative
5 amendment and it provided \$9 billion to build a high-speed
6 rail between San Francisco and Los Angeles.

7 The Legislature withdrew that from the ballot and
8 put in Proposition 1A instead, which was for safe, reliable
9 high-speed passenger train bond act. And it was to link
10 the Southern California counties of Sacramento and San
11 Joaquin Valley and San Francisco Bay Area.

12 The making it safe and reliable, I've passed this
13 around before, but you can see that in 1999 Amtrak hit a
14 heavily-loaded truck at a grade crossing in Bourbonnais,
15 Illinois. The track was a 79-mile-an-hour track just like
16 Caltrain is. The train got derailed, it derailed two
17 locomotives, derailed 11 out of 13 cars, killed 11 people
18 and injured 128.

19 When a train hits a solid thing such as this
20 heavily-loaded truck at a grade crossing it's dangerous and
21 I would urge you to insist that high-speed rail be grade
22 separated at all crossings. Whatever you build, wherever
23 you operate, make it grade separated, so that there are
24 overpasses or underpasses. And when you run it on Caltrain
25 in between San Jose and San Francisco there are several

1 dozen grade crossings.

2 It's dangerous and I don't want to see this type
3 of thing go on to be a burden on you for a lifetime.
4 (inaudible) do it safe and reliable railroad grade
5 crossing. Thank you.

6 CHAIRMAN RICHARD: Thank you, Mr. Allen.

7 Marvin Dean, who does get the award for the
8 longest distance traveled to get here this morning, as Mr.
9 Browning has pointed out.

10 MR. DEAN: Thank you, Mr. Chairman. And I wanted
11 to start by again -- I have some handouts, but I think
12 today is a turning point for Kern County. I think two
13 significant things are going to happen here: one, hopefully
14 today here and one in Bakersfield about 2:00 o'clock this
15 afternoon.

16 I'm putting my other hat today, I'm speaking for
17 the Bakersfield Support for High-Speed Rail. We formed
18 about two years ago. Some of my friends are opposed to
19 high-speed rail and I call them my friends, because we all
20 can see this thing from a different vantage point, but I
21 think we all have good intentions. So I don't have any
22 problems with people that are opposed, because I think out
23 of that process we'll get a better product. But I am in
24 strong support of high-speed rail.

25 And so a group of us, small business and

1 residents and I call them the side of the majority formed a
2 group about two years ago to say that we needed to go
3 before -- put our views out there with local people, for
4 city councils, Board of supervisors, CODs and so forth,
5 because the opposition is only giving one side of the
6 story. And they're giving all of the negative things about
7 stopping the project. And as you know, there are some
8 powerful forces in Kern County that are opposed to this
9 project at the national level. And so that means even a
10 lot of the people that they are supportive will not say
11 anything. And I get those people coming to me and say --
12 cheer me on and say, keep doing what you're doing, because
13 they can't say that, because of their positions and so
14 forth inside the government and outside the government.

15 So I'm here first of all to say I couldn't be in
16 Bakersfield at 2:00 o'clock. And that is a letter I've
17 given you, which you have there that I asked someone to
18 hand before the Board of Supervisors today to make those
19 comments. And I'll start with the Board action letter and
20 then I'll come with why I'm here today for you guys.

21 The Board of Supervisors, that's a letter, the
22 CEO -- we support the CEO's efforts from Kern County and
23 he's raised -- he's going to ask that the city Board of
24 Supervisors authorize him to write that letter. That's the
25 third or second page, I think. The first page is outlining

1 why it's important to do so.

2 And believe now you're starting to see -- and I
3 believe very shortly after that you're going to see the
4 same thing happen with the Board of Supervisors that you
5 see what's going to happen on item number two today -- item
6 number four today. I strongly support that.

7 Item four is known to settle the lawsuit with the
8 City of Bakersfield, I think that's a milestone. And I
9 think you're going to see that soon happen in Kern County
10 with the Board of Supervisors. And I think now they're
11 starting to realize even though we have our differences --
12 they may have their differences, but they're stepping up to
13 say let's do what's best for the citizens and businesses of
14 Kern County. This project is going to happen. We're
15 (inaudible) honest place.

16 And I've always said to them I believe with your
17 new CEO came on board, your new chairman, there was a will
18 to work with the local communities and find a consensus to
19 people that had real issues other than just fighting to
20 stop the project. But if they had real issues you had a
21 willing partner, I believe that. And I've been promoting
22 that and I think what you're going to be acting on item
23 number four today is showing a product that the city is now
24 going to settle this lawsuit with this action you're going
25 to take today.

1 So I wanted to say and encourage the staff in
2 working beside the city and hope the Board will support it.
3 And also I'm sure that I'm going to do everything I can to
4 see if we can from the Board of Supervisors. We need to
5 get on board with the project and deal with real issues and
6 not just smoke screens. So thank you again and keep up the
7 good work and I'll do what I can from the ground. Thank
8 you.

9 CHAIRMAN RICHARD: Thank you very much, Mr. Dean.
10 I appreciate that.

11 So that concludes the public comment section.
12 Just hold on a second to get my Board book. We're going to
13 move on to the regular agenda, which as always starts with
14 the minutes. And I'll entertain a motion on the minutes.

15 VICE CHAIR HARTNETT: So moved.

16 CHAIRMAN RICHARD: Okay.

17 VICE CHAIR RICHARDS: Second.

18 CHAIRMAN RICHARD: It's been moved by Vice Chair
19 Hartnett and seconded by Vice Chair Richards.

20 Will the Secretary please call the roll?

21 MS. THOMMEN: Ms. Schenk?

22 BOARD MEMBER SCHENK: Yes.

23 MS. THOMMEN: Vice Chair Richards?

24 VICE CHAIR RICHARDS: Yes.

25 MS. THOMMEN: Vice Chair Hartnett?

1 VICE CHAIR HARTNETT: Yes.

2 MS. THOMMEN: Mr. Rossi?

3 BOARD MEMBER ROSSI: Yes.

4 MS. THOMMEN: Ms. Perez-Estolano?

5 BOARD MEMBER PEREZ-ESTOLANO: Yes.

6 MS. THOMMEN: Mr. Henning?

7 BOARD MEMBER HENNING: Yes.

8 MS. THOMMEN: Ms. Selby?

9 BOARD MEMBER SELBY: Yes.

10 MS. THOMMEN: Chairman Richard?

11 CHAIRMAN RICHARD: Yes.

12 Okay. Thank you.

13 Item two, presentation on the California High-
14 Speed Rail and the Central Valley Economy Study findings.
15 Mr. Morales, do you want to introduce this?

16 CHIEF EXECUTIVE OFFICER MORALES: Sure. Thank
17 you, Mr. Chairman.

18 I'm very pleased to have Tony Oliveira with us
19 today. Many of you may know Mr. Oliveira as a former long
20 time Kings County supervisor. He was a long time board
21 member of CalPERS. He is a businessman, farmer, wears many
22 hats and is an economist. He has prepared some independent
23 work for us to look at the economy of the Central Valley
24 the conditions that exist there, and help us determine some
25 paths forward in terms of ways we can help improve the

1 economy of the Valley and work with locals to do that.

2 So we're pleased to have his report to us and
3 we'll certainly follow up on that.

4 CHAIRMAN RICHARD: I think you forgot musician.

5 CHIEF EXECUTIVE OFFICER MORALES: Musician,
6 you're a renaissance man.

7 MR. OLIVEIRA: You know, when I walked in they
8 had music other than Johnny Cash. I felt a little insulted
9 with Tom and I said, "Hey, since we're Johnny Cash fans,
10 next time maybe."

11 I want to thank you for inviting me. I'm very
12 honored to do this. It was an honor to be asked to work on
13 this report, this last 12 months.

14 And first of all, I should state that I am not
15 related to Frank Oliveira, just for any conflicts. But he
16 is a very close neighbor of mine, and it's ironic, a few
17 years ago Frank and I worked with shovels, sandbags and
18 bulldozers to save our community from floods at the time,
19 because we had too much rain. And I guess Frank would like
20 to see that again. We live in an area called the Island
21 District, which is just northwest of Lemoore.

22 I've Lived in Kings County my entire life. I've
23 been an economist and public policy practitioner for the
24 last 25 years, a county supervisor in Kings County, on
25 school boards there, was on the CSAC, California

1 Association of Counties for 12 years. I was their
2 president at CSAC and worked on many referendums at CSAC.
3 As you know they are very involved and because of my
4 position at CalPERS for six years as the local government
5 representative I got to work very closely with literally
6 all cities and all counties, because I represented them, so
7 worked very closely with the League of Cities and CSAC.

8 So when this came along it was something that
9 meant a lot to me, because if Russ Fong was here today he
10 would have to smile about what I'm about to say. I always
11 brought up at every CalPERS Board meeting, and they were
12 waiting for it, is I reminded all of us that at the end of
13 the day unless you were deployed or incarcerated 100
14 percent of Californians lived in local government.

15 And so to whoever came up with this idea, I
16 assume it's Jeff, our regional director and others, the
17 idea of taking this study down to the grassroots of local
18 government, which you have done a great job of among all
19 the reports that I have read. But it's to really dig down
20 deep and find out what was happening on what level and talking
21 to those people like Lee Ann and others from different
22 agencies whereas in my position it was timely and we
23 learned a lot.

24 Today, you have the Executive Summary in front of
25 you and we go through a Power slide for that a little bit.

1 And then the May document, which is a 176-page document is
2 available, of course on the link, for the Authority. So
3 I'd invite anyone in the audience to go on there and take a
4 look at the full report.

5 The purpose of the study: to help the Authority
6 ensure that its investments and actions support regional
7 and local economic objectives.

8 Again, since the high-speed rail passes through
9 all of the California that currently is focused in the area
10 of the Central Valley where I live and specifically this
11 report takes a real look at the six counties in that, which
12 I'll talk about in a moment. It was to really go down and
13 talk to those people, look at their data, and to look on a
14 macro level what the economic conditions were there. And
15 then how an independent, on-the-ground analysis of the
16 economic conditions and challenges there -- and that was by
17 talking, listening, reading.

18 And you'll find if you download, by the way,
19 because we downloaded the documents of eight counties, but
20 we focused this study on the six and it's a little over
21 20,000 pages of documents. If you look at their general
22 plans, their economic development plans, so those were
23 looked at, at the same time we were doing a macroeconomic
24 overview of the conditions there.

25 The study objections were to develop a deeper

1 understanding of the economic conditions, the plans and the
2 objectives there. And that was by reading, looking and
3 listening of course.

4 Two, establish a dialogue with organizations
5 working to advance economic development and explore how
6 high-speed rail could support those objectives. Much of
7 that is going on, but you need to talk to all of the people
8 involved in the everyday life of the citizens, because we
9 need to deal with how it impacts everyone. I noticed the
10 slogans around "I will ride," "We will ride" and well
11 eventually everyone rides one way or the other much like
12 the rest of our transportation systems.

13 Three, identify ways to engage and collaborate
14 with those organizations and other California stakeholders.
15 We never forgot the primary goal of the Authority is to
16 build the rail, but with that it is necessary to
17 collaborate along the way and through the efforts of the
18 regional director and the efforts of the Authority, of
19 course, we found that happens a lot. What you will see as
20 we go through this student is we came up with possible ways
21 that that could be approved by listening to those in that
22 area.

23 The study products -- like I said I am an
24 economist and a public policy practitioner, so in this
25 particular case we used both a quantitative and a

1 qualitative approach. The quantitative research and
2 analysis were grounded in economic and demographic data,
3 which was look at academic and government journals, real
4 time what's happening in the Central Valley.

5 And then also take the document -- you know, if
6 you want to find out what's happening somewhere, especially
7 With local government -- all the years I spent there, we
8 used to tell the state all the time, "If you want to know
9 what's happening in Kings County or Fresno County, ask us."

10 The qualitative research and outreach, that was
11 to actually sit down in neutral locations with those people
12 where the rubber meets the road every day. Again,
13 workforce investment, EDCs, housing authorities and really
14 find out from their perspective what are the conditions
15 there, what are their perceptions of the impacts and the
16 opportunities?

17 And you can see through the flowchart the way that worked.

18 We held a series of a half-day roundtables in
19 Fresno, Kern, Kings, Madera, Merced, Tulare counties plus
20 one regional and some small cities. We invited literally
21 within the county all the agencies were invited and all the
22 cities were invited one way or the other. They were either
23 invited in the bigger group meeting and/or then we invited
24 all the small cities, so we could make sure that everyone
25 could express their concerns or to harvest the possible

1 opportunities.

2 It was sent out with parity, so we sent the same
3 agencies to every county. And we picked community college
4 locations to have the discussions. We felt that those were
5 great neutral locations, so people could relax. And we're
6 glad to say those community colleges had those meetings for
7 us with open arms.

8 The representatives, again we're working
9 investment boards, labor councils, economic development
10 corporations, visitors and convention bureaus, community
11 colleges, state colleges, universities, councils of
12 government, city council, county and planning departments,
13 housing authorities and regional consortiums.

14 So after we did the area meetings we came back
15 and did a regional meeting. In that regional meeting was
16 invited the EDCs from all six counties to the one meeting
17 that was held in Fresno. And then we did one-on-ones and
18 we selected certain categories to do the one-on-ones. And
19 that was focused in the EDC Visitors' Bureau, colleges --
20 we did Bakersfield one-on-one, Fresno State, Frank Dornay
21 (phonetic) from West Hills College for example, Lee Ann
22 from the EDC in Fresno.

23 And then what was kind of exciting for me is to
24 then do the Visitors Bureau from their perspective both in
25 Fresno/Clovis and in the Visalia/Tulare area, because of

1 where the parks are located in the Valley.

2 As we got into the information, and there was
3 much of this information out there, and we wanted it to be
4 as real time as possible -- when we talk about the region
5 of the San Joaquin Valley and specifically the eight-county
6 region and then target it down to the six counties, the
7 region is growing at a faster rate than California. That's
8 pretty much well-publicized. Its population is projected
9 to be more than doubled again by 2060 and 40 percent of the
10 population is under 24 years of age. So it's a younger
11 population and the fastest-growing region.

12 Unemployment, I can tell you as a county
13 supervisor and someone that sat on housing boards and EDCs
14 literally all my life that margin that you see between the
15 average in California and where the region is, is something
16 that we lived with in Kings County all the time and live
17 with it today. And some of you know when it was peaked
18 around 2010 you could actually go out to Clusters and
19 Firebaugh, Stratford, Home Garden and some of the other
20 areas and find that unemployment was from 35 to 50 percent
21 in the case of Firebaugh.

22 So it's always been plagued with that and we'll
23 discuss the reasons for that, but I must tell you that the
24 agencies that I've worked with my whole life -- and
25 certainly of the agencies that we've talked to -- have

1 taken that battle on for years and have done a tremendous
2 job. And I would hate to think the conditions would be
3 there without the efforts of those fine people.

4 Median household income and per capita income
5 levels in the Central Valley are dramatic. You can see
6 there's a 30 percent lower in the Central Valley than it is
7 on the average in California. And then when you get down
8 to the per capita GPD you can see there is a 46 percent
9 difference and, of course, that has a lot to do with
10 demographic and the type of employment that we have. And
11 then education level as you see among that.

12 So none of this as hi I'm a professor of
13 economics at a few colleges, I use the Central Valley
14 studies all the time. And I will tell you even some of the
15 online classes that I teach in the Valley, I have students
16 that have to come to a library at school to get on a
17 computer, because they don't have that capability.

18 In education, which is the salvation for us I
19 believe in the region, the study points out that the
20 education and achievement levels also trails the state.
21 More than 25 percent of the Central Valley residents did
22 not hold a high school diploma. And only 16 percent held a
23 bachelor's degree or higher, which is half the state level.

24 I must put a little kudos in there, because of
25 the community colleges who we met with, interviewed and who

1 I have worked with for years. Even though we need to
2 increase that, of course, in the Valley they have done a
3 tremendous job in vocational and ready time work, preparing
4 people for a job.

5 And for the high-speed rail the community
6 colleges are very involved. And just one model of what the
7 community colleges have done in the Valley through a grant
8 over the last few years, got ready and they are fully
9 employed right now a thousand psych techs for the state and
10 the prison system and incarceration systems. So community
11 colleges do make a difference down there and they are very
12 involved in many of the collaborative and you'll see us
13 talk about that in a moment.

14 The key findings, and it's important that the way
15 we synthesize the key findings -- and by we, I mean the
16 Parson Brinckerhoff team and myself as we worked that.
17 There were five or six of us working on this, both
18 economist-researchers and public policy practitioners,
19 which was really important because especially when we did
20 the meetings, the one-on-ones and the regional meetings
21 keep in mind that we pretty much got 100 percent showing of
22 those we wanted to interview. And we invited more by
23 department than we did by person, because we thought that
24 they should determine who would come. And so pretty much
25 everyone showed up to those meetings.

1 The way we ran those meetings is it was you could
2 have an unstructured or a structured meeting. And they
3 were semi-structured in that we built in ahead of time by
4 reading their documents -- is built a structure of things
5 that we should talk about. And I facilitated all those
6 meetings and we had a scribe put down all the information.

7 And so once the meetings got going the interplay
8 between the departments and the people that were there
9 really took a life of its own. But it was scribed
10 completely. We made a choice that there would not be
11 direct quotes in that, but we would capture everything that
12 was said in that meeting.

13 At the end of those meetings, and there is a list
14 in the master agreement in the back that shows who was
15 there, when they were there, what time they were there,
16 where the location was. We sent those minutes out
17 afterwards before we finished working on ours to everyone
18 that attended to see if they had input, to make we captured
19 what they said. And we captured it correctly and we got a
20 lot of positive feedback. We incorporated that, so
21 everyone that got back to us, like I say we corrected. So
22 what you see is what was said in those meetings.

23 And again, in this master agreement, is different
24 than other research projects I have done. I really liked
25 this one, because it really shows who was in the meeting,

1 what was said in the meeting, it was captured. They
2 reviewed that and we have reliance that that's what was
3 captured in the research.

4 So when we get to the key findings it's important
5 to know that we synthesized these findings based on really
6 three things: that independent academic and governmental
7 documents that show the current conditions of the region as
8 it is today.

9 Then what the documents, what the general plan
10 said, what the EDC plans, all of those entities, the
11 cities, the counties and all of the agencies within those
12 jurisdictions I downloaded every document from every
13 community and read them all. That was really a main part
14 of my job as far as that kind of research and I'm familiar
15 with those, because I helped write general plans and I was
16 on EDC boards for 25 years.

17 So it gave me an idea of the potential impacts
18 and/or opportunities that might be happening in a
19 particular community. So if I was the Authority, or if I
20 was a private sector person, and I really wanted to know
21 what that jurisdiction thinks about the impacts and
22 opportunities I could go to this document, go to the back,
23 and see what was said in Madera, see what was said in
24 Bakersfield, because it was different. All communities
25 were different.

1 So we synthesized these findings from the
2 independent documents, what we read within the documents
3 that that agency published, and then heavy reliance on the
4 interviews of those people that we talked to -- both the
5 regional and the one-on-ones.

6 If you go back and look at the one-on-ones you'll
7 see that's the only area we're asking direct questions to
8 an individual and it's recorded that. The rest of the
9 general meetings are the group at large, so they can
10 interact and that's what was captured.

11 So in the key findings the Central Valley
12 population is growing, but regional employment income and
13 educational attainment levels -- and a critically important
14 knowledge economy -- continued to lag with the rest of the
15 state. That's obvious from every document that you can
16 read. It's obvious from the interviews. They know that in
17 that area and they are working as crusaders to make up that
18 difference. The community college is working with the
19 state college is working with the UC system.

20 The collaboratives -- Lee Ann, since she's
21 sitting here I'll continue to pick on her -- but sitting in
22 the San Joaquin Valley partnership, for example, they're
23 all involved. The community colleges collaborative for
24 example, a large that they got some time ago, has really
25 taken that on to get people ready for employment.

1 Some stakeholders • Some stakeholders described
2 the Central Valley as an "island" that is isolated from the
3 rest of California by geographic and economic barriers.
4 And I can tell you I have lived there my whole life. I work
5 all over the world, I have an office in London, so I travel
6 and I move around in Europe with the high-speed
7 transportation, but where I live in Lemoore -- and where
8 Frank, since he lives two miles from me -- we're 202 miles
9 from Los Angeles, we're 203 miles from Downtown San
10 Francisco. And I drove up here today in three-and-a-half
11 hours. When visitors come to the area it's obvious if you
12 want to get to Yosemite and you're flying in -- friends of
13 mine flying in to San Francisco and/or Los Angeles trying
14 to get to Fresno or trying to get to Yosemite is a
15 challenge. It's just the way it has been, but that's the
16 reason this thing about the island comes up. And it's not
17 just visitors, it's people that are building business.

18 Those of us in agriculture, and I should have
19 stated in the beginning by the way, this month -- when I
20 got back from Vietnam this is my 45th year as a farmer, so
21 I am a farmer, my wife and I have been partners for 45
22 years in farming. So when we talk about the agriculture
23 impacts, the agricultural opportunities, I certainly do
24 understand those.

25 High-speed rail is an important piece of a

1 broader strategy and I think it's important. I've always
2 heard from those that we interviewed including the
3 Authority that it is part of -- it's not the solving all
4 the problems in the region. It is part of a broader
5 strategy to help enervate the Central Valley's economy, the
6 Los Angeles Basin and the San Francisco Bay Area to evolve
7 a more balanced and resilient economy.

8 It's amazing to me, I talk to people all over the
9 world, when they ask me about investment strategies I say,
10 "The best country to invest in the world, right now in my
11 opinion, is California." And I do mean country.

12 The stakeholders expressed hesitation about how
13 to target resources. We heard this especially since Kern
14 County's earlier, we heard it in Kern County, we heard it
15 in some of the areas. There are many people that like to
16 go forward, they would like to move, both investment and
17 strategies, what businesses to ask to come into the
18 community, and where to put them. But they have been a
19 little bit hesitant, just it's a natural process. This is
20 a big project.

21 And by the way, the finding in this discussion
22 was before the cap and trade decision. That helped a lot
23 immediately after, because I get a lot of feedback. And
24 just so you know as we finished this study over the weekend
25 and I sent out thank you letters to all 86 of the people

1 that we talked to and sent them the link to the report, I
2 have had had to turn off my phone. So many people come
3 back to us and thank us for listening, for being there, and
4 capturing what they said.

5 And one lovely one this morning was from Kern
6 County, but again they were anxious but holding back a
7 little bit, because businesses are holding back trying to
8 make decisions until they know exactly what's going to
9 happen. And I think that is a natural process.

10 They were very positive about the steps the
11 Authority has taken to improve communications and to create
12 opportunities for small and disadvantaged businesses and
13 workers. We heard a little bit this morning from the labor
14 component. As someone that has come from sitting where you
15 sit on other boards I was very proud to see the position
16 that the Authority has taken. The regional director had
17 attended several of our meetings and spoke up and it was
18 great. And it has received a lot of kudos out there from
19 people for all the work they've done to communicate with
20 local governments and to keep that line open.

21 And local government, I can tell you by
22 experience, and it certainly came out in here is local
23 governments are always concerned about the unintended
24 consequences of not knowing what's going on. So there was
25 a real question in asking that the high-speed rail forward

1 through its collaborations, to keep local government
2 involved at all times.

3 Workforce preparation was a common concern and it
4 was really trying to figure out what jobs are needed when
5 and how do they educate that many? You know, even I was
6 educated in the process too. For example, when talking to
7 the CLC, the Central Labor Council, working out of Fresno
8 that to do, to be part of their program, there was a
9 component of algebra. One of our community colleges
10 happened to be sitting there and did not know that yet, so
11 we talked about it. We linked them up and that was trying
12 to get people prepared that the community colleges, CLC,
13 and the other agencies were working to get people head of
14 time, certified as small businesses. That's part of that
15 communication.

16 Some stakeholders saw an opportunity to use high-
17 speed rail as part of a marketing pitch. I served on the
18 Kings County EDC Board for 25 years, was a treasurer for
19 many years and they keep a running list. I used to ask and
20 get it every month, but I've been too busy, but there
21 always that 25 or 30 or 40 potential people -- and I'm sure
22 EDC in Fresno has a bigger list than that -- always those
23 people that you're trying to attract to your community.

24 Now, it would be nice to use the high-speed rail
25 for that. I know Lee Ann and her team has and the others

1 would like to, so the more they know the more -- and
2 because business -- the kind of businesses that need to be
3 attracted to the Valley are long-term thinkers. So they
4 can get in step with it, it takes longer. As long as they
5 somewhat definitively know what's happening in the future
6 and what's attractive.

7 Some saw potential for stations to be a catalyst
8 for economic revitalization and growth. This is a big
9 issue. Coming from the private sector myself, and I know
10 there's been some grants to help local governments, but
11 this particular finding really focused more on finding out
12 what the market is around those stations; where the
13 investment strategies will come.

14 There's a great paper that came out by Professor
15 Cantor at UC Merced about the impacts on housing as the
16 high-speed rail comes in. And specifically if you think
17 about the high-speed rail requirements, housing
18 requirements around the stations, especially around our
19 universities. And Merced would be a great model once the
20 intermodal type of things get satisfied. The stations,
21 like as they have any of us travel worldwide, have found
22 that the stations can become a real economic focus and
23 housing focus especially around university areas.

24 Several expressed interest in using the high-
25 speed

1 rail corridor for expanding broadband access. I can tell
2 you, and I mentioned before, any of us that live in the
3 area know that we still do not have high-speed rail access
4 (sic) in many areas through the Valley. And if you ever
5 want to know how strongly she feels about it, just ask
6 Sunny McPhee. (phonetic) She would be glad to tell you.
7 She was one of the people that was interviewed and I have
8 worked with Sunny a long time. And like I say I have
9 students in my own online community college courses that
10 have very slow dial-up or no high-speed exchange at all.

11 This one was a fascinating one to me. When we
12 got into it, we found it in the regional meetings and then
13 we decided to go to the one-on-ones on the visitation. But
14 the number is somewhere around 110 billion or so of money
15 that comes into California every year in tourism. And the
16 parks, for example, the Central Valley parks -- the three
17 that we have that we claim by the way -- and someone
18 mentioned the other day when you look at that picture, so
19 is that the Central Valley? Just ask Tulare County or
20 Fresno or Merced and they'll tell you that those parks
21 definitely belong to them, that's part of their area.

22 It was to find out the amount of tourism that we
23 have and what was discussed is the potential of what
24 tourism will happen once the high-speed rail works. And
25 any of those have ridden the high-speed rails in Japan or

1 other parts of the world they are used to high-speed rail
2 intermodal connections to sights such as this. So we found
3 a lot of enthusiasm by especially Fresno/Clovis and
4 Visalia/Tulare tourism helped us a lot in coming up with
5 those numbers.

6 There is interest in seeing the Authority
7 collaborate with the regions higher educations. We
8 interviewed Bakersfield, Fresno, UC Merced, all the
9 community colleges. There was much interest. Bakersfield
10 has classes. They actually have a joint relationship with
11 a university in China to have high-speed transportation
12 classes in Bakersfield. Fresno has been and is getting
13 more and more active all the time in the engineering
14 department there and applied sciences. Everything that
15 connects or could possibly touch high-speed rail Fresno is
16 really involved with. Their new sustainability program
17 meets well with what is necessary for the high-speed rail.

18 The state and regional and local leaders have
19 formed a range of partnerships that are taking a concerted
20 action to address the Central Valley's economic challenges.
21 The legendary one, of course down there, is the San Joaquin
22 Valley Partnership. And I mentioned Sunny McPhee earlier,
23 she was the first chairman of that. They've been very
24 involved and having the Authority involved in those
25 collaborations is the way to keep linkage and to keep

1 listening, because local governments are involved. And
2 literally all the people that we talked to in those
3 agencies are part of those collaborations.

4 I would say the overarching that came out that's
5 probably the most important -- and again I give kudos to
6 those that made that decision to do so -- is to listen to
7 local governments and the agencies that have to deal with
8 all of the community, not just agriculture and not just the
9 money, or not just government. It is all the people of the
10 community, because when you root -- I know this as an
11 economist, but when you really study our region -- and I'm
12 a farmer, been a farmer all my life -- with the largest
13 employment sector down there is agriculture for example.

14 So there are many sectors of labor out there
15 involved and there are many people. And the region is in
16 flux. We listened to them and like I say we captured --
17 and I would recommend when you get a chance to look at the
18 larger report and find out exactly what each of those
19 jurisdictions thought was the priority of impacts and the
20 priority of opportunity for them.

21 CHAIRMAN RICHARD: Thank you very much, Mr.
22 Oliveira. I very much appreciate the work and also your
23 explication of it this morning. I'm going to turn to my
24 colleagues from the Valley and I'll start with Vice Chair
25 Tom Richards.

1 VICE CHAIR RICHARDS: Thank you, Mr. Chair. And
2 I would just like to thank Tony Oliveira for your report.
3 You've identified certainly the challenges in the Valley of
4 Central California, but I think even more importantly the
5 opportunities. And these challenges or opportunities are
6 what Lee Ann and her team have been and continue to work,
7 not only for high-speed rail, but for Central California in
8 all aspects of our economy.

9 What I'm interested in is certainly the depth
10 that you went to in your report, but I'm interested from
11 our own staff -- from Mr. Morales, so now that we've got
12 this report what do we do with it, how do we implement any
13 of the areas of the report that indicate that we can be of
14 assistance to the Valley economically or that we ought to
15 just simply know about with regards to the project that is
16 so much impacting the Valley now?

17 CHIEF EXECUTIVE OFFICER MORALES: I think one of
18 the things that this report does very well is reinforce the
19 point that this Board certainly feels, and that we as the
20 staff believe very firmly, which is the potential of this
21 investment to do big things for the state and certainly for
22 the Central Valley. But also the very real limitations of
23 what our direct responsibilities are and our capabilities.

24 Our statutory authorities are to build and
25 operate the system and one of the things that this report

1 points out is the importance of working with other
2 stakeholders throughout the region, local governments,
3 institutions, education to help achieve those broader
4 goals.

5 So we are, having received this report now, we're
6 working up a series of actions that we'll plan to come back
7 to the Board and report on, such as things that we
8 recommend that we can do as staff that may require Board
9 action as well, but to engage in that broader group to help
10 make sure that these things are achieved. And Tony has
11 indicated that (inaudible) and certainly through the
12 higher-education institutions that that's a really
13 important partnership for us as we move ahead.

14 VICE CHAIR RICHARDS: Well, that's encouraging
15 and that's what I would certainly hope for and would look
16 forward to your presentations for the report and how we can
17 implement those things that are projects we can get
18 involved with.

19 CHAIRMAN RICHARD: I've got some thoughts, but I
20 wanted to wait until -- yes, Ms. Selby?

21 BOARD MEMBER SELBY: Thank you. I really enjoyed
22 this report, thank you very much. I thought there was all
23 sorts of great information and now that I know there's 176
24 additional pages that I can go to maybe many of the
25 questions that I have are answered there, but I will pose

1 some of them to you.

2 I know that, for example, 2 percent of California
3 gross domestic product comes from Central Valley
4 agriculture. And I was wondering what percent of jobs in
5 the Central Valley are coming from that agriculture,
6 because obviously that number looks really, really little.
7 It's 10 percent for the Central Valley, but I'm assuming
8 for jobs it's a much larger number?

9 MR. OLIVEIRA: Yeah, and those facts are actually
10 in the data, but just roughly about 15 percent or so of the
11 employment in the Central Valley is from agriculture, 10
12 percent of the GDP. From the state level 2 percent
13 represents 2 1/2 percent of the jobs and about 2 percent of
14 the GDP.

15 BOARD MEMBER SELBY: All right, and then my next
16 question had to with I was fascinated with the youth of the
17 Central Valley. And you mentioned a migrant boom and I'm
18 not that familiar with what that term means. Is this --
19 and is the reason that the Central Valley is so young,
20 because of this migrant boom and what is a migrant boom?

21 MR. OLIVEIRA: Yeah, well if you look at the
22 history of the Valley and from a agricultural perspective
23 will give you kind of a demographic. It'll give you a
24 demography of why it happened and what's going to happen.
25 As we brought in water systems to the Valley agriculture

1 flourished.

2 And at first it was grains, alfalfa. When I was
3 a young man, for example, we handled most of our own
4 agriculture, because it was dairy and it was pastureland
5 and did not require a lot of hand labor. As it
6 transitioned we started getting grapes, we started getting
7 tree fruit, we started getting more value-added crops.
8 That took more people, so there was a large migration of
9 people coming in to harvest those crops. Because it
10 transitioned from row crops to cotton, which was hand-
11 picked by hand. That went to machinery and then the
12 (inaudible) was hand-picked.

13 And we are in another transition, so now we have
14 the population. So since I'm a boomer I can say that we
15 need to know that many of those migrants that came in to
16 stay like my family and others are now my age. But their
17 children -- and we tend to have more children than early on
18 -- now makes up that population increase.

19 At the very same time the challenges that we're
20 having in the Valley is as I came up today, and I was
21 noticing fields that I've watched for years are being -- I
22 was talking to Frank before the meeting. He's converting
23 his row of crop grass now into trees, so we are seeing
24 because labor costs are going up higher values in permanent
25 crops. What we're seeing is we still have this population

1 growth stimulating from that, but the need for that labor
2 is going to start going the other way.

3 I grow corn with organic pomegranates and to be
4 honest with you this year I had to mechanize an element of
5 that to cut my harvest costs down. And so agriculture will
6 continue to tech up and we will still have that growth in
7 the population. And that's one of the things the report
8 really gets into is how do you educate and train?

9 And there's certain sectors of that will get
10 worse before it gets better, because if you take the early
11 baby boomers and those that are my age that are trained
12 strictly in agriculture and we more mechanize that creates
13 part of the unemployment and part of the poverty area. And
14 that's a big reason that we have such a low per capita.

15 BOARD MEMBER SELBY: Very good and my last sort
16 of set of questions really, I think, has to do maybe more
17 with us than it does with Mr. Oliveira, but you mentioned
18 about the last mile, multi-modal planning. And I think
19 that one of the things that we would really want to explore
20 is what is California and high-speed rail's role in that
21 last mile multi-modal planning. And now can we facilitate
22 it? Because I do think that it's good not only for the
23 people who live there to understand the benefits of high-
24 speed rail, but and because of that that it's good for the
25 project itself.

1 And then the second question that may go to you
2 or it may go to the Authority, I'm not sure, if you had
3 mentioned providing 1,500 full-time jobs in the Central
4 Valley with high-speed rail. And I was just wondering,
5 that number to me seems low.

6 MR. OLIVEIRA: Two things, first of all on the
7 intermodal and I -- Jeff has already made this comment
8 before when we were speakers at a function one time. And
9 it was that, "We should never forget the number one
10 priority of high-speed rail. We know the task is to get it
11 built." But the collaboration and especially in the
12 intermodals -- because what I love about this report is you
13 go back and say, "In what meeting was it said?" and see the
14 importance. And you'll see that Tulare and Visalia,
15 who are a little bit off the track, because the proposed
16 station is in Hanford, but they said, "But that's okay as
17 long as we have that intermodal connection." And we heard
18 that UC Merced, for example, who does intermodal studies,
19 is very interested in the intermodal part to move their
20 students from where the high-speed rail station will be
21 back and forth to the universities and all the visitors and
22 the families and the guests.

23 So that's one of the collaborations that we think
24 needs to be done by the High Speed Rail Authority is that
25 even though you may not be in a position, it's not your job

1 to fund that or "partner" on that. But it may be a
2 responsibility you have to decide, to collaborate that. So
3 you talk about that, because that way things come online.

4 And I want to catch this one before I forget it,
5 because I thought you were going to ask those questions,
6 because those are great questions.

7 Any of us that are economists know that the
8 catch-up theory of economics is that if you put capital or
9 improvements or infrastructure projects into an area that
10 has a much lower GDP, than a more wealthy area, the per
11 capita change and improvement happens on a percentage basis
12 much more quickly than it would if you put -- I'll pick on
13 San Mateo. If you put money into San Mateo versus starting
14 in the Central Valley, it has a direct and big impact early
15 on the GDP per capita.

16 And that was very important and your questions
17 kind of align with that. Those communities think about
18 intermodal maybe more than a more populated urban area that
19 already have -- one of the problems and challenges you have
20 in the Valley by some people is to understand how that
21 works. Because out in the Central Valley we don't live in
22 that and so it's a great question. And I think that's one
23 of the collaborations you really have to deal with.

24 As far as the 1,500 employees that really comes
25 from a previous study. And I believe that's the initial

1 operating system.

2 One of the things that came up in local
3 government questions and it wasn't a part of our study --
4 we didn't represent the Authority in getting answers back
5 in that case -- is what are the total amount of what -- if
6 you started now, what are the construction jobs? Or what
7 are the other jobs as it builds out, because that's the way
8 governments, local governments, measure that impact.

9 Because theoretically, because of CLC's work and
10 the community college getting their people ready
11 theoretically you could have someone go to work on this
12 project and stay there for 20 years. They could migrate
13 from moving dirt to laying steel to being part of the
14 system.

15 So that is a good question that the Authority
16 needs to wrestle with as they understand more, is what
17 could you disseminate to local governments on the total
18 jobs during the project? And then having the estimated
19 jobs, because from a private sector point of view there is
20 a huge number that comes out when you start looking at the
21 stations, the amount of businesses and the spin off that,
22 and tourism and those things.

23 CHAIRMAN RICHARD: Mr. Rossi?

24 BOARD MEMBER ROSSI: Two things, we have those
25 numbers. Yes, they're right there in the report. They're

1 in the business plan and they're fairly well thought, so we
2 don't have to do a lot of study to get there, they're there
3 okay?

4 But what I'm more interested is, not from Mr.
5 Oliveira but from Jeff, is you look at this plan, as you
6 look at this study, there is already -- you know, we have a
7 significant effort going on from the California Workforce
8 Investment Board, which is called Project SMSA. (phonetic)
9 And I would think that it would be good for the Authority
10 to have numbers on both of those programs in the Valley.

11 So I think we should do that as soon as possible
12 and (inaudible) And get us on those two programs, because
13 those two programs actually do everything that's talked
14 about in this report. So it's just that it sort of short-
15 circuits the actions of this.

16 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman,
17 may I just?

18 CHAIRMAN RICHARD: Yes.

19 CHIEF EXECUTIVE OFFICER MORALES: I mean, one of
20 the things we're working very hard on and exactly to Mr.
21 Rossi's point is, again because our strict responsibilities
22 and abilities are limited we need to leverage others who
23 have the broader capabilities. So we are engaging much
24 more so with other agencies whether it's the State
25 Department of Labor or Economic Development GO-Biz,

1 whatever it may be, to make sure we achieve the broader
2 goals.

3 BOARD MEMBER ROSSI: And all signed up, because
4 all of these parties brought to the table for that project
5 is (inaudible) that I think we could just go ahead and get
6 involved and get involved in what is representative of what
7 our charge is here as you clearly point out, if you become
8 members of that operation. And if you call Tim on
9 (inaudible)

10 MR. OLIVEIRA: And we believe that Board Member
11 Rossi is exactly right, the structures are already there.
12 For example, the San Joaquin Valley Partnership, Lee Ann
13 has a couple of those committees. And part of the San
14 Joaquin Valley Partnership, if you look at their projects
15 and what they're focusing on the one that is high-speed
16 transportation and that's before the high-speed rail really
17 even came into being, so it's there.

18 CHAIRMAN RICHARD: If there are no other comments
19 I just wanted to close on this, but I wanted to just give
20 any other colleagues an opportunity.

21 I have three points I want to make in reflecting
22 on this and I was happy to read the Executive Summary. And
23 I'm actually despite being very busy I'm going to sit down
24 and plough through the 176 pages, because I think it's
25 important in terms of what we're doing.

1 So first and foremost, Mr. Oliveira, I want to
2 thank you and your colleagues for this work and for
3 bringing it forward. I think I also want to thank Mr.
4 Morales who I believe was the spark and initiator of this
5 effort, which is very appropriate and very apt that we have
6 this.

7 One of the things that I find most useful about
8 this is that often when we're out in the public sphere in
9 commentary and dialogue a lot of what we talk about is
10 based on facts that we know, but a lot of its anecdotal
11 also. Particularly, as we're talking about the Valley and
12 this gives much more both in detail in terms of specific
13 factual information. But also in the course of your
14 collaborative efforts builds up the anecdotal base as well,
15 so it helps us.

16 So I think three things about what we've heard
17 this morning. First of all, I do think that it gives us a
18 roadmap to look at those areas where we should be engaging
19 more fully with the communities, the local communities, up
20 and down the Central Valley. And as my colleague, Mr.
21 Rossi, has pointed out and you've affirmed there are
22 mechanisms there we need to plug into those, so we can be
23 most effective in what we're doing. But it does provide us
24 a roadmap to understand what some of the key areas are
25 whether they're in education and retraining for this

1 migrant population that you're talking about or whether
2 it's stationary development or all those things.

3 And I think that as we go forward we should be
4 perfecting strategies to deal with these communities
5 through those various mechanisms. So it gives us a very
6 good roadmap to look at that.

7 The second point is similar to expand our look
8 for collaborative relationships. And I guess here I'll say
9 something that perhaps will engender some pushback from
10 others. But we are charged with building the high-speed
11 rail system in California and it is both the largest
12 infrastructure project in California, and I believe
13 probably the largest infrastructure project in the United
14 States right now. So just doing that, getting that built,
15 getting the contracts led and managing those contracts,
16 making sure that project is delivered, is a huge, huge
17 responsibility. And that's our number one responsibility.

18 But I think I speak for Mr. Morales based on the
19 many conversations we've had about this and to use his
20 phrase, "This is not a project, it's a program." And I
21 think what that reflects is that we've got a once-in-a-
22 generation opportunity here with this investment in
23 California. And if we just look at it as building a set of
24 tracks with electric lines on it I think we will have lost
25 an enormous opportunity to transform this state in some

1 very fundamental ways.

2 And so I don't apologize for the High Speed Rail
3 Authority looking beyond just the issue of laying down
4 tracks, because I think we do have an opportunity working
5 collaboratively with other stakeholders in the state, with
6 the communities in the state that we touch, to do something
7 that is fundamentally transformative.

8 I've said on a number of occasions, probably
9 without this level of knowledge or depth, but just
10 intuitively, I don't believe any area of California will
11 benefit more from high-speed rail than the Central Valley.
12 I believe that having traveled up and down the Central
13 Valley now for the last three years. I believe it even
14 more after listening to this today.

15 And this is an enormous opportunity, I think, for
16 the Central Valley. And my colleague Tom Richards, I was
17 present one time in Fresno where he gave in his own quiet
18 way, an incredibly impassioned speech to leaders there
19 about this opportunity.

20 And so the final thing I would say is that what I
21 would like to do with this report, in addition to those
22 other things of animating our work with local communities
23 and thinking about the right mechanisms through which we
24 collaborate, I would like to use this report as a way to
25 further animate the public and political discussion about

1 high-speed rail, because I think we're at a crossroads
2 here.

3 This project is underway. We have started completing this
4 construction, this project is going to be built.

5 And for a number of our political leaders we're
6 still wallowing in some the questions from one or two years
7 ago. And that's not to say that we don't have a
8 responsibility to look at the issues that Frank Oliveira
9 raised this morning, about how we're building it. Or
10 whether or not we're treating people fairly or doing things
11 we have to do when we affect landowners. It's not to push
12 aside any of those questions or to take our eye off the
13 ball about the need to deliver this properly and within
14 cost and budget.

15 But we're building this and it's time, I think
16 for people to come together, to talk about how we're going
17 to build it in the most effective way. And I've just been
18 shocked that a number of leaders in the Central Valley
19 continue to want to raise what I think are spurious,
20 specious issues when what we've got here is an opportunity
21 to really lift the lives and livelihoods of so many
22 millions of people in this region. And we ought to be
23 finding a way to find common ground and talk about how to
24 do that in the right way.

25 So I guess my last point is I personally am going

1 to use this as a bit of a club. Because I think that this
2 dialogue needs to move in a different direction than the
3 tired old politics that we've heard and really has to focus
4 on what's going to be good for people's lives in the
5 Central Valley. And how this and how this project can help
6 with the betterment of those.

7 So I didn't really mean to get on my soapbox with
8 this, but I kind of got lit up as I was looking through
9 this. And thinking about how much time we waste on what I
10 think are incidental things when we really ought to be
11 focusing on the things that you've talked about, which is
12 how do we build better lives for people in this critical
13 part of our state that's been left behind.

14 So with that I want to thank you and say it was a
15 pleasure and an honor to finally meet you today. And I
16 look forward to further collaboration and work with you and
17 your team.

18 MR. OLIVEIRA: And thank you all.

19 CHAIRMAN RICHARD: We'll turn to the next item of
20 regular business on our agenda, which item three having
21 been taken off is item four considering the award of a
22 regional consultant contract for environmental and
23 engineering services on the Burbank to Los Angeles/Anaheim
24 Project Section.

25 Michelle Boehm, good morning.

1 MS. BOEHM: Good morning, Chairman, Board, this
2 is an action item for the Board to approve award of the
3 Burbank to Anaheim contract for a not to exceed amount of
4 \$51 million and authorize the CEO to finalize and execute
5 that contract.

6 Services include two environmental documents to
7 cover Burbank to Los Angeles Union Station, Los Angeles
8 Union Station to Anaheim as well as supportive station
9 design services for the L.A. U.S. -- I'm sorry, for the Los
10 Angeles Union Station property plan as well as preliminary
11 engineering to support that work.

12 Additional activities would be eligible under
13 this to support a permit past ROD (phonetic) for this. So
14 that \$51 million includes all of those surfaces.

15 CHAIRMAN RICHARD: Questions for Ms. Boehm?

16 BOARD MEMBER ROSSI: I have just one question.

17 CHAIRMAN RICHARD: Mr. Rossi?

18 BOARD MEMBER ROSSI: And by the way, I apologize,
19 I maybe have never noticed this before, but it's on the
20 resolution and it's "to the Executive Officer or a
21 qualified designee." Is that how we always say that, how
22 do we define a qualified designee? Do we have a definition
23 of that?

24 CHAIRMAN RICHARD: Yeah, do we get to vote on
25 that or does he just tell us?

1 BOARD MEMBER ROSSI: Yeah, I guess he just tells
2 us. I mean, it certainly wouldn't be one of us but --

3 CHAIRMAN RICHARD: I'm just worried about that
4 Trujillo fellow on there.

5 BOARD MEMBER ROSSI: He's disqualified, okay.
6 But I mean, it's just an odd burden when you don't have a
7 definition.

8 CHIEF EXECUTIVE OFFICER MORALES: I'll look to
9 our counsel, but this is language that we've typically had.

10 BOARD MEMBER ROSSI: Yeah, we used it before and
11 I just never saw it?

12 CHIEF EXECUTIVE OFFICER MORALES: And it ties to
13 delegations of authority that flow down from the floor in
14 terms of things that come to me first. And then in turn,
15 we have established procedures within (inaudible)

16 BOARD MEMBER ROSSI: What I want to get to is
17 that is there a definition of a qualified designee in the
18 Authority or do we make it up?

19 CHIEF EXECUTIVE OFFICER MORALES: No, the
20 qualified designee would be the person who would -- person
21 or persons designate delegated authority under our
22 procedures at the staff level. In this case I will execute
23 these contracts, but we do have formal delegations of
24 authority.

25 BOARD MEMBER ROSSI: Okay. Fair enough, it's

1 just because the verbiage is odd. Thank you, very much.

2 CHAIRMAN RICHARD: Okay. Other questions?

3 (No Response)

4 A motion?

5 BOARD MEMBER PEREZ-ESTOLANO: No, I have
6 questions.

7 CHAIRMAN RICHARD: Oh, I'm sorry. Ms. Perez-
8 Estolano, excuse me.

9 BOARD MEMBER PEREZ-ESTOLANO: Well, first of all
10 thank you very much for the memo. And I was able to attend
11 the pre-ruling a few months ago. And we had a number of
12 attendees, I want to say in the order of 200 people and
13 some change, at the Metro office Headquarters in L.A. And
14 I thought it was a very robust response to our initial
15 request. So I'll just be on the record that I was a little
16 disappointed with only two responses to our proposal.

17 I understand that we go through a very diligent
18 effort (inaudible) to solicit as many proposals so that we,
19 and members of our team, can collect the best ideas coming
20 to this project, which is one of my goals.

21 And so I just want to kind of be clear, because I
22 think if we get more ideas and more submissions that's good
23 for the public, that's good for the state and it's good
24 ultimately for the project. And so I'm not looking for you
25 to answer these questions, I'm just saying I know this is

1 intended to be a competitive process and I just want to
2 make sure that in terms of what we can do to improve our
3 response rate is something that I'd like to make sure,
4 Jeff, that we try to.

5 We can't say to firms -- and I know my
6 (inaudible) private businesses will respond when they want
7 to respond where they think it's their best advantage. And
8 I can see from their perspective having a smaller quote
9 might be better, but in terms of my perspective I look to
10 see as many rate teams coming together that we can then
11 benefit from in terms of the review process and ultimately
12 selection process.

13 So I just have a question Jeff, to give to you.
14 One, what is it we can try and do to improve the outcome on
15 these RFPs understanding that the RFQs and RFPs -- and is
16 this a QP or just a Q?

17 CHIEF EXECUTIVE OFFICER MORALES: Q

18 BOARD MEMBER PEREZ-ESTOLANO: How can we improve
19 the outcomes? I mean, maybe it's the market issue and
20 certainly Jeff you can respond to that. But I just want to
21 make sure going forward that we do have a competitive
22 process in our bidding efforts.

23 CHIEF EXECUTIVE OFFICER MORALES: Sure, well we
24 absolutely have a competitive process. It's very open and
25 we do a number of things to encourage competition by

1 providing information, meeting with potential primes as
2 well as subs.

3 I think one thing to look at in this proposal is
4 of the two teams, this isn't just two companies. Between
5 then they're 60 or so partners that are part of these two
6 proposals. That represents a large pool and a lot of
7 competition.

8 Simultaneous with this solicitation we had the
9 solicitation for the Burbank/Palmdale section. We received
10 four proposals. And we've also got the rail delivery
11 partner -- that solicitation underway. Metro has proposals
12 underway and so we have a hot market in many respects and
13 firms have to weigh they want to put their attention and
14 their resources.

15 We also have firms that, in our case, have to
16 look at downstream work and whether they might be
17 conflicted out from some of that participating in any one
18 segment. So there are a lot of different factors to go
19 into this, but I think when you look at our design builds
20 we had eight bidders on the two different contracts. There
21 were class teams in between these two proposals that went
22 out at the same time. We had six teams bidding.

23 And, you know, in other factors we had
24 consolidation happening in the industry as well. Two major
25 firms who otherwise might have bid independently are now

1 together and so that reduces the competition back.

2 And I'll just say that I want to assure you and
3 the full Board and the public that I'm very comfortable
4 that we had competition, that we benefitted from that. And
5 we also then worked through the process in terms of the
6 nature of the contract we enter into to create more
7 incentives to get more ingenuity out of the teams that we
8 retain.

9 But we will continue. We'll use every
10 procurement, as a learning process in terms of looking at
11 ways we can attract more attention in ways we might be able
12 to structure contracts differently.

13 To some extent if we can sequence contracts
14 differently also, but we're proceeding on all fronts
15 simultaneously so that does create some challenges for us.
16 But again I do want to make sure that you have certainly my
17 assurance and my comfort level that we have very robust
18 competition on all of our contracts.

19 BOARD MEMBER PEREZ-ESTOLANO: Well, I appreciate that.
20 And in the future I'd just like a more -- a deeper -- given
21 the size of the contract and the importance of the contract
22 a probably fuller staff report to us kind of detailing the
23 steps that we've taken, the efforts that we've made. Kind
24 of a little bit more of that. I know you know that,
25 Michelle, all those details on that.

1 So just to have that would benefit the Board I
2 think and also the public who (inaudible) Board packets
3 would be helpful.

4 CHAIRMAN RICHARD: Thank you. Other questions?

5 BOARD MEMBER SCHENK: Not a question, I just
6 wanted to say that Katherine put her finger on my concern
7 too. That now this just popped out at me that we only had
8 the two responses and I appreciate your fuller explanation,
9 Jeff. This is the time when we hear about opportunity and
10 we hear about people wanting to participate, so we have to
11 be as creative as we possibly can to be inclusive. And as
12 you say to use this as a learning experience, so thank you.

13 CHIEF EXECUTIVE OFFICER MORALES: I

14 CHAIRMAN RICHARD: Ms. Selby?

15 BOARD MEMBER SELBY: Yeah, I would take this from
16 the small business perspective. I have seen the small
17 businesses come to these wonderful "meet the primes" and
18 they are coming. I mean, there's no doubt there are 200,
19 there are 300, there are 500 businesses who are there to
20 meet the primes. And I'm just wondering if there's a way
21 that we could structure the RFQ in such a way that maybe
22 some of the less big firms, on these less big contracts --
23 to me \$51 million is a lot of money, but perhaps to another
24 sort of mid-sized company if there's a way that we could
25 maybe encourage them? I don't know, to participate as

1 opposed to sort of having sort of the same pretty high, I'm
2 pretty sure -- I'm not sure about that -- but high level
3 very large firms be the ones who are mostly bidding?

4 CHIEF EXECUTIVE OFFICER MORALES: First, I would
5 say that there's no restriction on that and I want to make
6 sure you understand that. In terms of incentives, and I
7 believe with one of the four bidders on the permit Palmdale
8 section, when we intend to bring that contract here next
9 month for Board consideration, was in fact led by a smaller
10 firm.

11 Some of it is just practical constraints of what
12 it takes to put together, not just the end product, but put
13 together a proposal like this and to do the networking to
14 put together a team. You know, what you see on this
15 proposal there are I believe 19 small businesses on the
16 contract. There's a huge administrative effort associated
17 with just collecting all of those people and ultimately
18 managing that contract. And so, you know, there's some
19 practical constraints.

20 And one other thing, given the 30 percent goal
21 and then just a natural (inaudible) that come with teaming
22 on any major contract a prime contractor is often reduced
23 to they may have a plurality, but not a majority of the
24 share of things. So these really are teams that are coming
25 to us. They're not single firm efforts.

1 We will continue the outreach efforts to make
2 sure that all potential bidders are aware of what the
3 opportunities are. We do provide assistance by way of
4 certification and other things to help smaller firms lead
5 and I'm sure we will see more of them as we go forward.

6 CHAIRMAN RICHARD: Seeing no other questions, the
7 measure of the Board?

8 BOARD MEMBER ROSSI: So moved.

9 CHAIRMAN RICHARD: Moved by Mr. Rossi.

10 VICE CHAIR RICHARDS: Yes.

11 CHAIRMAN RICHARD: Seconded by Vice Chair
12 Richards.

13 Will the Secretary please call the roll?

14 MS. THOMMEN: Ms. Schenk?

15 BOARD MEMBER SCHENK: Yes.

16 MS. THOMMEN: Vice Chair Richards?

17 VICE CHAIR RICHARDS: Yes.

18 MS. THOMMEN: Vice Chair Hartnett?

19 VICE CHAIR HARTNETT: Yes.

20 MS. THOMMEN: Mr. Rossi?

21 BOARD MEMBER ROSSI: Yes.

22 MS. THOMMEN: Ms. Perez-Estolano?

23 BOARD MEMBER PEREZ-ESTOLANO: Yes.

24 MS. THOMMEN: Mr. Henning?

25 BOARD MEMBER HENNING: (No audible response)

1 MS. THOMMEN: Ms. Selby?

2 BOARD MEMBER SELBY: Yes.

3 MS. THOMMEN: Chairman Richard?

4 CHAIRMAN RICHARD: Yes.

5 Thank you, Ms. Boehm.

6 MS. BOEHM: Thank you.

7 CHAIRMAN RICHARD: Our next item, item five is an
8 action item to consider modifying an earlier Board
9 Resolution and this is part and parcel of the proposed
10 settlement with the City of Bakersfield.

11 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman, I
12 just want to clarify what this item is. We did in fact
13 reach a settlement agreement before the end of the year
14 with the City of Bakersfield. What is coming to you now is
15 the implementation of that settlement as one of the terms
16 of the settlement was a commitment to modify that
17 resolution, so this is the action that would achieve that.
18 But I do want to just clarify again that a settlement was
19 reached --

20 CHAIRMAN RICHARD: Right. I misspoke when I said
21 proposed settlement, so thank you for correcting that.

22 Mr. Andrew, good morning.

23 MR. ANDREW: Good morning, Chair Richard, Board
24 Members, Mr. Morales.

25 So your Board materials are very brief and clear

1 on this issue and Mr. Morales kind of just gave you a
2 preview. In May have 2014 the Board approved the Fresno
3 Bakersfield section of the 7th Standard Road. In that
4 resolution the Board committed to give the City of
5 Bakersfield at least 60 days notice prior to an approval of
6 an alignment south of 7th Standard Road through
7 Bakersfield.

8 Subsequent to that the City filed a lawsuit
9 against the Authority. We settled that lawsuit in
10 December. That settlement agreement requires the Authority
11 to undertake a further process of looking at another
12 alignment through Bakersfield and to undertake a process,
13 which is obviously more than a 60-day notice.

14 As part of the settlement agreement the City
15 wanted to make sure that that commitment in the settlement
16 agreement to this further process had the same level of
17 commitment that the prior Board Resolution required, which
18 is why the City asked the staff as part of the settlement
19 agreement to bring this resolution to the Board effectively
20 superseding the prior statement of the 60-days notice.

21 So in essence this is confirming to the City of
22 Bakersfield required by the settlement agreement as
23 implementation as Mr. Morales said.

24 CHAIRMAN RICHARD: And I thought that was very
25 clear in the write-up. Questions from members of the

1 Board?

2 VICE CHAIR HARTNETT: Move and approve --

3 CHAIRMAN RICHARD: Actually before you do I'd
4 just like to make one observation and that is an ancillary
5 issue. First of all I want to congratulate the legal team
6 for the work with the City of Bakersfield to settle this
7 and also Mr. Morales.

8 In as part of the settlement overall there is a
9 commitment to take a look at a different proposed
10 alignment.

11 There are some people in that region who've been concerned
12 that that is the only new alignment that we would look at
13 and I just wanted to note for the record, that on page 5 of
14 your memo, you indicate that part of the settlement is to
15 give reasonable notice and it goes on to talk about the
16 locally-generated alternative. And then it says, "And any
17 other potential alignments."

18 And so there is nothing about the settlement that
19 limits the process of looking at a single new alignment.
20 Other potential alignments could be within the scope of
21 that study. And we've been making that point, because some
22 of the people are concerned and I just wanted to be able to
23 make it formally here today. And if I have misspoke in any
24 way, Mr. Andrew, just correct me.

25 MR. ANDREW: That's correct. One other point of

1 clarification, Ms. Gomez was also incredibly instrumental
2 in the Bakersfield settlement. So (inaudible)

3 (Colloquy between Board Members in background)

4 CHAIRMAN RICHARD: More accolades for Diana, it
5 gets very tiresome.

6 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman,
7 just very quickly, I just want to note we have been moving
8 forward in good faith and with real actions in terms of
9 implementing the settlement agreement. Diana has routinely
10 -- in fact had a very constructive meeting last week with
11 the City and others to advance this process. So I feel
12 very good that we have not only -- this isn't about our
13 just settling the suit. It was really about determining a
14 path forward and I feel very good that we are, in fact,
15 moving in that direction.

16 CHAIRMAN RICHARD: And I do commend you and Ms.
17 Gomez and the staff in that work. I think it's been very
18 good in terms of changing the dynamic with Bakersfield.

19 CHIEF EXECUTIVE OFFICER MORALES: And well and I
20 think in the old it takes two to tango the City is engaging
21 as a real partner in this and we very much appreciate that.
22 And I think we feel very good that there's a positive
23 outcome about that.

24 CHAIRMAN RICHARD: Okay. It was moved by Vice
25 Chair Hartnett. Was there a second to that?

1 BOARD MEMBER SCHENK: Second.

2 CHAIRMAN RICHARD: A second by Ms. Schenk, will
3 the Secretary please call the roll?

4 MS. THOMMEN: Ms. Schenk?

5 BOARD MEMBER SCHENK: Yes.

6 MS. THOMMEN: Vice Chair Richards?

7 VICE CHAIR RICHARDS: Yes.

8 MS. THOMMEN: Vice Chair Hartnett?

9 VICE CHAIR HARTNETT: Yes.

10 MS. THOMMEN: Mr. Rossi?

11 BOARD MEMBER ROSSI: Yes.

12 MS. THOMMEN: Ms. Perez-Estolano?

13 BOARD MEMBER PEREZ-ESTOLANO: Yes.

14 MS. THOMMEN: Mr. Henning?

15 BOARD MEMBER HENNING: (No audible response.)

16 MS. THOMMEN: Ms. Selby?

17 BOARD MEMBER SELBY: Yes.

18 MS. THOMMEN: Chairman Richard?

19 CHAIRMAN RICHARD: Yes.

20 Thank you, very much.

21 Okay, the next item is also for you Mr. Andrew.

22 It's making findings pursuant to Government Code Section
23 51292 related to the Williamson Act. And we've seen this
24 before, your write-up is pretty clear that this yet another
25 of those needs to make a finding. Would you like to

1 elucidate on that at all?

2 MR. ANDREW: Only that the prior ones were for
3 Madera and Fresno County. This is now for Kings and
4 Tulare, it's the (inaudible) material.

5 CHAIRMAN RICHARD: For Kings and Tulare, right.

6 BOARD MEMBER SCHENK: I'll move that.

7 CHAIRMAN RICHARD: Okay. It's been moved by Ms.
8 Schenk.

9 BOARD MEMBER SELBY: Second.

10 CHAIRMAN RICHARD: Second by Ms. Selby. I'm
11 sorry, were there questions on this? No.

12 Will the Secretary please call the roll?

13 MS. THOMMEN: Ms. Schenk?

14 BOARD MEMBER SCHENK: Yes.

15 MS. THOMMEN: Vice Chair Richards?

16 VICE CHAIR RICHARDS: Yes.

17 MS. THOMMEN: Vice Chair Hartnett?

18 VICE CHAIR HARTNETT: Yes.

19 MS. THOMMEN: Mr. Rossi?

20 BOARD MEMBER ROSSI: Yes.

21 MS. THOMMEN: Ms. Perez-Estolano?

22 BOARD MEMBER PEREZ-ESTOLANO: Yes.

23 MS. THOMMEN: Mr. Henning?

24 BOARD MEMBER HENNING: (No audible response.)

25 MS. THOMMEN: Ms. Selby?

1 BOARD MEMBER SELBY: Yes.

2 MS. THOMMEN: Chairman Richard?

3 CHAIRMAN RICHARD: Yes.

4 Thank you, Mr. Andrew.

5 Mr. Fellenz, Conflict of Interest Code?

6 MR. FELLEENZ: Mr. Chairman, Members of the Board,
7 Mr. Morales, this item is to adopt an updated Conflict of
8 Interest Code for the Authority.

9 If you look at the third paragraph it says in the
10 first sentence that the Board of Directors are included in
11 this list. They are not. That's a mistake there. You
12 have separate reporting requirements as a Board that are
13 the most robust reporting requirements. In addition, you
14 have a different reporting timing period. Yours is due in
15 March, the rest of the group here that has to do that Form
16 700 reporting is due in April.

17 So this is for an update and the majority of the
18 reasons for doing this update was because our Authority
19 both from consultants and in-house has expanded. So we
20 have a long list of numbered positions that are required to
21 fill out Form 700's and then we have the types of reporting
22 that they need to perform as shown as categories.

23 So that's why we've been working with the FPPC
24 very closely putting this together, making sure that the
25 list is comprehensive and one that the FPPC would approve.

1 Once the Board approves -- assuming that you approve this -
2 - it would go back to the FPPC and it will be approved by
3 them as well. They've seen this and they agree with the
4 form that is shown here.

5 In addition, we adopt terms of an existing code
6 that's found in government code. And we adopt that by
7 incorporation into our Conflict of Interest Code, so that
8 if that were ever to be updated by statute ours would
9 automatically be updated.

10 And I'd be happy to answer any question.

11 CHAIRMAN RICHARD: Thank you. And again I want
12 to compliment you on what I thought was a pretty clear
13 briefing memo.

14 Questions from Members of the Board?

15 BOARD MEMBER PEREZ-ESTOLANO: Will we receive --
16 oh, I'm sorry --

17 CHAIRMAN RICHARD: Ms. Perez-Estolano?

18 BOARD MEMBER PEREZ-ESTOLANO: I apologize, we
19 received the additional comments in -- I apologize. On
20 page 4 it says, "The Authority received 12 additional (sic)
21 comments from seven individuals," and I believe we received
22 those. Is this (inaudible) response to it?

23 MR. FELLEZ: Yes, the comments are attached.

24 BOARD MEMBER PEREZ-ESTOLANO: Okay.

25 MR. FELLEZ: Correct, and then we, in the Board

1 write-up, in the Board memo on page 4, we show there in the
2 discussion how we respond to those comments.

3 BOARD MEMBER PEREZ-ESTOLANO: I see, that's what
4 I was looking for. And there's also I guess details just
5 in terms of the response.

6 I also want to make clear that Board Members have
7 more expansive disclosure requirements under the Act.

8 MR. FELLEENZ: Correct.

9 BOARD MEMBER PEREZ-ESTOLANO: Yes, so just in
10 case anybody was in doubt.

11 MR. FELLEENZ: Yes.

12 BOARD MEMBER PEREZ-ESTOLANO: Okay. I'm good
13 with that, thank you.

14 CHAIRMAN RICHARD: All right, measure of the
15 Board?

16 VICE CHAIR RICHARDS: Move for approval.

17 BOARD MEMBER ROSSI: Seconded.

18 CHAIRMAN RICHARD: All right, it's been moved by
19 Vice Chair Richards, seconded by Mr. Rossi.

20 Will the Secretary please call the roll?

21 MS. THOMMEN: Ms. Schenk?

22 BOARD MEMBER SCHENK: Yes.

23 MS. THOMMEN: Vice Chair Richards?

24 VICE CHAIR RICHARDS: Yes.

25 MS. THOMMEN: Vice Chair Hartnett?

Comment [N11]: Vice Chair Tom
Richards (last name is Richards)

1 VICE CHAIR HARTNETT: Yes.

2 MS. THOMMEN: Mr. Rossi?

3 BOARD MEMBER ROSSI: Yes.

4 MS. THOMMEN: Ms. Perez-Estolano?

5 BOARD MEMBER PEREZ-ESTOLANO: Yes.

6 MS. THOMMEN: Mr. Henning?

7 BOARD MEMBER HENNING: (No audible response.)

8 MS. THOMMEN: Ms. Selby?

9 BOARD MEMBER SELBY: Yes.

10 MS. THOMMEN: Chairman Richard?

11 CHAIRMAN RICHARD: Yes.

12 Thank you.

13 All right, the Board will now adjourn to closed
14 session to consider the items on the agenda pertaining to
15 litigation. And following that we'll report back on any
16 attachments.

17 (The Board convened into Closed Session at 10:58 a.m.)

18 (Having no new items to report from Closed Session,
19 Chairperson Dan Richard adjourned the Public Meeting of
20 The High-Speed Rail Authority
21 at 11:57 a.m.)

22 --oOo--
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1 CERTIFICATE OF REPORTER

2
3 I, Rebecca Hudson, an Electronic Reporter, do
4 hereby certify that I am a disinterested person herein;
5 that I recorded the foregoing California High-Speed Rail
6 Authority Meeting; that it was thereafter transcribed.

7 I further certify that I am not of counsel or
8 attorney for any of the parties to said conference, or in
9 any way interested in the outcome of said conference.

10 IN WITNESS WHEREOF, I have hereunto set my hand
11 this 26th day of February, 2015.

12 /s/ Rebecca Hudson
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TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of February, 2015.



Myra Severtson
Certified Transcriber
AAERT No. CET**D-852